

THE COMMONWEALTH OF MASSACHUSETTS
OFFICE OF CONSUMER AFFAIRS AND BUSINESS REGULATION

**DEPARTMENT OF
TELECOMMUNICATIONS & ENERGY**

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May 8, 2003

SENT BY E-Mail, and
First Class U.S. Mail

Andrew O. Kaplan
Keegan, Werlin, and Pabian, LLP
21 Custom House Street
Boston, MA 02110

Re: New England Gas Company, D.T.E. 03-30

Dear Mr. Kaplan:

Enclosed are information requests by the Department of Telecommunications and Energy to New England Gas Company regarding the above-captioned matter. Please submit the Company's responses to the Department by 5:00 p.m., May 20, 2002.

Should you have any questions please contact me at (617) 305-3762. Thank you for your prompt attention to this matter.

Sincerely,

Jody Stiefel
Hearing Officer

Enc.

cc: Mary Cottrell, Secretary

SECOND SET OF INFORMATION REQUESTS OF
THE DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY TO
NEW ENGLAND GAS COMPANY

Pursuant to 220 C.M.R. 1.06(6)(c), the Department of Telecommunications and Energy (“Department”) hereby submits to New England Gas Company (“New England” or “Company”) the following information request(s).

Requests

- DTE 2-1 Please re-run the marginal cost study using Total Capacity Related Expenses rather than Total IT Capacity Related Expenses as is found in the Company’s Filing, Att. 2, at Table 5.
- DTE 2-2 Please refer to the Company’s Filing, Att. 2, at Table 5 . Explain the theoretical rationale of using only “Total IT Capacity Related Expenses” instead of “Total Capacity Related Expenses” as is used in the Company’s original Marginal Cost Analysis (see Company response to DTE 1-09).
- DTE 2-3 Please refer to the last sentence on page one of the Company’s filing. If the “updated marginal cost study ... reflect(s) escalated inflation costs since the 1995 test year,” why is the final cost lower and not higher than calculated in the Company’s last rate case, Fall River Gas Company, D.T.E. 96-60 (1996)?
- DTE 2-4 Please refer to the Company’s Filing, Att. 1, at 4, § V.5.1. Explain why there is a difference between the marginal variable cost stated here, and that calculated by the marginal cost analysis presented in the Company’s Filing, Att. 2, at Table 5, line 33?
- DTE 2-5 Please refer to the Company’s Filing, Att. 2. Provide the remaining tables for the Marginal Cost Study (i.e., Tables 2, 4, 7, 8, and 10).
- DTE 2-6 Please refer to the Company’s filing, Att. 2, at Table 11. Explain why the Fixed Charge rates on lines 4 and 9 differ from those of the original marginal cost study found in D.T.E. 96-60?
- DTE 2-7 Please refer to the Company’s Filing, Att. 2, at Table 12. Explain the theoretical rationale for extracting Interruptible Transporter only costs when deriving the tailgate distribution charge, i.e., the marginal cost.
- DTE 2-8 Please refer to the Company’s response to Information Request D.T.E. 1-12. Why has the Company included only the interruptible sales data and not the interruptible transportation data in its response? Please provide the monthly

billing units, annual revenue, and the amount of the annual revenue flowed to firm ratepayers for the Company's interruptible transportation customers.

- DTE 2-9 Please refer to the Company's Filing, Att. 1, at 4, § V.5.1. How does the proposed rate differ from the concept of fixed pricing for IT service, that was rejected by the Department in Interruptible Transportation, D.P.U. 93-141-A (1996)?
- DTE 2-10 Please refer to the Company's Filing, Att. 1, at 4, § V.5.1. Discuss how the proposed rate scheme allows the Company to negotiate and maximize revenues from IT service. In particular, comment on how the Company's proposed pricing addresses the following concern expressed by the Department: "...[since] IT service is an opportunity transaction, a fixed-price structure may fail to recognize the competitive markets in which IT exists." D.P.U. 93-141-A, at 37.